

AMENDMENT NO. _____

Signature of Sponsor

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Comm. Amdt. _____

AMEND Senate Bill No. 0891

House Bill No. 0695

by deleting Section 4 in its entirety and replacing it with the following language:

SECTION 4. Tennessee Code Annotated, Title 65, Chapter 5, Part 2, is amended by adding the following new language:

Section 65-5-207. **Essential Residential Services -- Universal Service.**

(a) "Essential Residential Services" are telecommunications services which are comprised of one or more access lines, dial tone, touchtone, and usage provided to the premises of residential customers for the provision of high quality, two-way switched voice transmission, within a local calling area, or other service required by state or federal statute, or other service determined by the Commission to be essential in accordance with the provisions of this section.

(b) Universal service, consisting of Essential Residential Services and carrier-of-last resort obligations must be maintained after the local telecommunications markets are opened to competition. In order to insure the availability of affordable Essential Residential Services, the Commission shall formulate policies, promulgate rules and issue orders which require all telecommunications service providers to contribute to the support of universal service.

(c) The Commission shall promptly after the effective date of this Act institute a generic contested case proceeding to determine the cost of providing universal service, determine initial and prospective sources of support for universal service and their associated amounts, identify and evaluate the feasibility of alternative universal support

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mechanisms, identify which Telecommunications Service Provider should provide universal service in any territory, determine the advisability of coordinating Tennessee universal support mechanisms with any federal universal support mechanism, and determine a timetable for implementing its determinations. Any universal support mechanism shall require all authorized Telecommunications Service Providers to participate in supporting universal service on an equitable and competitively neutral basis, limit contributions to amounts necessary to support universal service and fund administration of the mechanism, be fair to all categories of consumers and to all Telecommunications Service Providers and prevent the unwarranted subsidization of any Telecommunications Service Provider's rates by consumers or by another Telecommunications Service Provider.

(d) In conducting the generic contested case proceeding, the Commission shall proceed as expeditiously as is feasible, shall utilize prehearing conferences, control and expedite discovery and other prehearing procedures, issue and enforce scheduling orders, and shall enter its final order by January 1, 1996.

(e) The Commission shall monitor the continued functioning of universal service mechanisms and shall conduct investigations, issue show cause orders, entertain petitions or complaints, or adopt rules in order to assure that the universal service mechanism is modified and enforced in accordance with the criteria set forth in this section.

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(f) In conjunction with creating or modifying universal service mechanisms, the Commission shall have the power, on its own initiative through show cause orders or on the petition of a Telecommunications Service Provider, to adjust the rates, including without limitation maximum rates or price ceilings, of any Telecommunications Service Provider in order to assure that the effect of the universal service mechanism does not impose unfair burdens on the Telecommunications Service Provider or on any category of consumer and is consistent with the standards set forth in this part.